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SIPDIS

SENSITIVE

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SUBJECT: NIGERIA: DESPITE UNTAPPED DAM, GOMBE STATE  
MOVING SLOWLY FORWARD

1. (SBU) SUMMARY: During an October 4-6 visit to Gombe State, Ambassador Jeter surveyed Gombe's power, water, education and health sectors with Gombe State officials, in the course of a second Ambassadorial foray to the Northeast. With its agricultural potential and good hydroelectric promise, Nigeria's 14-year old Dadinkowa Dam sadly remains unused because the GON never completed the project's final stages. Gombe State is keen on finishing the GON-owned dam (Nigeria's second largest), but has not identified funding sources or investors. While completing a much-needed small water supply system, the State's larger unfinished water project may soon stagnate because of lack of funding. Since assuming office in 1999, Gombe's Governor Hashidu has improved his state's water supply, rural electrification, and security. Hashidu is well positioned to win re-election in 2003, but will then have an uphill battle funding his more ambitious projects. END SUMMARY.

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AGRICULTURE DEPENDENT  
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2. (SBU) Ambassador Jeter, accompanied by Econoff, Staff Assistant, and EDDI Coordinator, visited Gombe State (Northeast region) on October 4-6. With over 80% of the State's population agrarian, Gombe's economy is hamstrung by years of neglect of the agriculture sector under military and civilian rule. Situated in Nigeria's Savannah region, agriculture production and revenue suffer from unpredictable rainfalls and poor farm-to-market roads.

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DAM'S POTENTIAL UNTAPPED  
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3. (SBU) Ambassador Jeter visited Gombe's Dadinkawa Dam on October 5 with state Water Commission Executive Director Jamrlu Ishiyaku Gwamna. Operated by the Federal Government's Upper Benue River Basin Development Authority, Dadinkowa Dam is Nigeria's second largest. The dam was originally planned to furnish hydroelectric power and water to 66,000 hectares of farmland. However, the dam produces no power and only irrigates 50-100 hectares through a heavily silted 3-mile canal system. The canals, originally designed to be 5 miles long, have never been used for their original purpose. The GON-owned Dadinkowa was never fully operational because past military regimes misappropriated money or never funded installation of the turbines needed to generate power for hydroelectricity and irrigation.

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UNTAPPED POTENTIAL  
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4. (SBU) The GON announced in August 2001 that it would allocate USD 32 million to refurbish Dadinkowa. Abuja-based political opponents of Governor Abubakar Hashidu however blocked the funding, according to an Embassy source. A Gombe State official told Econoff that they did not expect any GON financing, Gombe now sought an Individual Power Project (IPP) investor to install turbines, establish a power grid, and sell electricity to a local cement plant, light industries and consumers in Gombe City.

5. (SBU) COMMENT: Navigating the bureaucratic maze

to get all the relevant GON agencies and offices to agree to an IPP could be a difficult but not impossible task. Also, Gombe will have to figure out how the IPP could tie into NEPA lines and how it will fit in with plans for NEPA's eventual privatization. An U.S.-based consulting firm, which hopes to broker a deal to equip Dadinkawo, has informed Econoff that General Electric (GE) Hydro will visit Gombe next month to assess the viability of the State Government's plan. END COMMENT

16. (SBU) The dam's design calls for installation of 2 turbines, 2 water cooled generators, a switch yard, and 5 km transmission line to connect into NEPA lines. It is estimated that the dam could produce 34 MV of electricity. The cost to complete Dadinkowa's power plant is approximately USD 30 million.

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LONG-TERM WATER CONCERNS  
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17. (SBU) The Ambassador and party also visited Gombe State's proposed USD 65.5 million regional water supply system under construction by the Pakistani engineering firm Shaukat and Raza. The regional scheme, which takes its supply from Dadinkowa and designed to provide service to 11 towns, has only reached 30% completion since construction started in 1999. Gwamna said the State had financed the entire project until now, and hoped to receive at least 10% from local governments. He was unsure whether the 30% due from the GON would be forthcoming this year. He added that the State Government was paying just enough to keep the contractors working, and would provide additional funding in the future. Even when the project is completed, the state was not sure how it would collect fees-for-service to keep the system operating. (COMMENT: Like Dadinkawo Dam, this ambitious water scheme remains unfinished. If the GON does not furnish its 30% share or Gombe State is unable to fund the entire project, the Pakistani contractors may depart, leaving another costly opportunity missed. END COMMENT)

18. (SBU) The Ambassador also visited a new USD 5 million 13-borehole deep water supply system. Paid for by the State Government and built by a Chinese company subsidized by Beijing, the system supplies about 40% of Gombe's capital city's water. (COMMENT: Water scarcity will remain a problem for developing Northeast towns like Gombe City. If Dadinkawo Dam is not used as a water source, water scarcity will hinder the capital city's economic development. END COMMENT)

19. (SBU) Gombe's Commissioner for Education Dr. Habu Dahiru briefed the Ambassador on the State's campaign to enroll new students, noting that enrollment has increased three-fold since 1999. Dahiru stressed that, like most of Nigeria, the State lacks classrooms and trained teachers. The Ambassador also visited a local health clinic where Gombe had established an HIV/AIDS testing and counseling facility, and an incubation facility for day-old chicks which is going some way to satisfy the growing demand for poultry in the State.

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COMMENT  
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110. (SBU) With growing school class sizes and decrepit health clinics, Gombe State is hard pressed to maintain its modest facilities without major federal government intervention and investments. Governor Hashidu has made some progress, providing citizens improved drinking water, rural electrification, and relative security for rural residents, particularly the farmers who, for years, were subjected to the armed cattle raiders and banditry from marauding gangs. Hashidu, who has a strong chance of winning re-election in 2003, will have an uphill battle finding investors to complete Dadinkowa or finance his large water project. Overall, however, the Gombe State Government is well run and Hashidu is providing strong and honest

leadership. END COMMENT  
ANDREWS